
OLR Bill Analysis

sSB 203 (File 242, as amended by Senate "A")*

AN ACT CONCERNING PROPERTY TAX EXEMPTIONS FOR RENEWABLE ENERGY SOURCES.

SUMMARY:

For assessment years starting on or after October 1, 2014, this bill exempts from the property tax renewable energy sources that (1) are installed on or after January 1, 2014, (2) are for energy generation or displacement for commercial or industrial purposes, and (3) do not have a nameplate capacity that exceeds its location's load (i.e., do not produce more energy than the location will need). It applies to (1) Class I renewable energy sources (e.g., solar or wind power), (2) Class II renewable hydropower facilities, and (3) solar thermal (e.g., solar heated water) or geothermal renewable energy sources that meet these criteria.

In a distressed municipality with a population between 125,000 and 135,000 (i.e., New Haven), the exemption begins one year earlier and applies to the same renewable energy sources installed as early as January 1, 2010.

For assessment years starting on or after October 1, 2013, the bill allows municipalities to abate up to 100% of the property taxes on these same renewable energy sources if they were installed between January 1, 2010 and December 31, 2013. The exemption must be approved by the municipality's legislative body, or, if the legislative body is a town meeting, the board of selectmen. The energy source or facility receiving the abatement cannot be in a distressed municipality with a population between 125,000 and 135,000.

Current law exempts Class I renewable energy sources and Class II hydropower from the property tax if they were installed on or after October 1, 2007 to generate electricity for farm and residential use on

farms and private residences.

The application process for the bill's tax exemption is the same as existing law's process for the residential and farm exemption. The applicant must file a written application with the town assessor or board of assessors by November 1. Failure to do so waives the exemption for that assessment year. Once approved, the exemption does not need to be renewed unless the renewable energy source is altered in a way that requires a building permit.

*Senate Amendment "A" replaces the original bill (File 242) which mandated the tax exemption for commercial or industrial renewable energy sources installed on or after January 1, 2010.

EFFECTIVE DATE: Upon passage and applicable to assessment years starting on or after October 1, 2013.

BACKGROUND

Class I Renewable Energy Source

By law, Class I renewable energy sources include solar power, wind power, a fuel cell, methane gas from landfills, ocean thermal power, wave or tidal power, low emission advanced renewable energy conversion technologies, run-of-the-river hydropower facilities under five megawatts that began operation after July 1, 2003 and do not cause an appreciable change in river flow, and certain sustainable biomass facilities (CGS § 16-1(a)(26)).

Class II Hydropower

A Class II hydropower facility is the same as a Class I hydropower facility, except that it began operation before July 1, 2003 (CGS § 16-1(a)(27)).

COMMITTEE ACTION

Energy and Technology Committee

Joint Favorable Substitute

Yea 16 Nay 8 (03/14/2013)